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Automotive News

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Chrysler to revamp engineering

Castaing directs reorganization

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Francois Castaing, the new Chrysler Motors vice president of vehicle engineering, will reorganize Chrysler's engineering department by the end of this month in an effort to make the department more efficient.

Castaing and Chrysler's top engineers have been holding formal discussions on how to logically organize the 6,000-person engineering department. Sources familiar with the restructuring said the structure of the department, as well as individual responsibilities, are under review.

The company is said to be working quickly to finalize a reorganization plan within two weeks. Several reorganization plans are being considered, and rumors of early retirements, dismissals and structural changes are running rampant within the engineering department, sources said. These could not be confirmed, and a spokesman for Castaing declined comment.

One top engineer said those working in the department had been anticipating a reorganization since Castaing took Chrysler's top engineering post in October 1988. The French-born, former American Motors vice president replaced John D. Withrow, who retired.

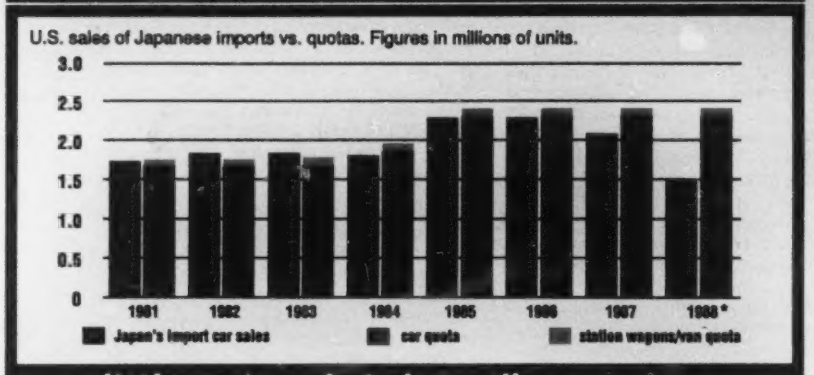
"We are in the process of doing a reorganization in the aftermath of changing management; there are a new string of people that have different views," said one engineering supervisor, who spoke on the condition of anonymity.

There have been signals of the impending change. Chrysler engineers received a Christmas card from Castaing last month expressing his desire to return the company's engineering department to the automotive industry's best, according to one recipient of the holiday greeting.

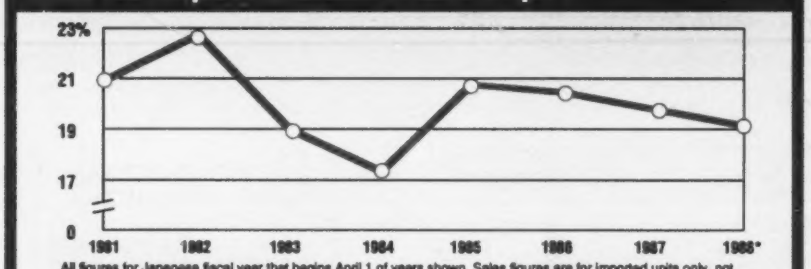
There has been heightened attention to Chrysler's product and engineering competitiveness in the last year. The change was prompted by a blue-ribbon panel of technical experts, which had warned that Chrysler was becoming a truck and airplane company and neglecting its core car-making business. Dealers have pressed for new products and engine families.

The departments that report directly to Castaing include automotive research and technical systems, car body and chassis engineering, car electrical and electronic systems engineering, car powertrain engineering, car engineering operations, car development and program management and the Liberty development program.

U.S. sales fall short of Japan's quotas...



...as its import market share slips



All figures for Japanese fiscal year that begins April 1 of years shown. Sales figures are for imported units only, not transplants, and may not include nominal numbers of vans and sport utilities.
*Sales through Dec. 31

AUTOMOTIVE NEWS / C. WINTER

Japan keeps quotas for '89

U.S. limit stays at 2.3 million; trade balance noted

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Japan's Ministry of International Trade and Industry said it has decided to extend its voluntary export restraints on passenger-car shipments to the United States for another year, keeping them at the current 2.3 million.

MITI said the quotas have been extended because it has not yet determined whether Japan's downward trend in exports to the United States is an established fact. In the quota year ended March 31, 1988, exports were 85,851 units under the limit, the first shortfall since restraints were adopted in 1981, when shipments were inexplicably off by one unit.

Industry reaction bowed to the political inevitability of the decision, putting it in the context of the overall trade picture.

However, Japanese automakers feel the

see QUOTAS, page 48

Imports win suspension of MPV duty

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Under pressure from importers, dealers and at least one foreign government, the U.S. Treasury last week imposed a temporary suspension on a Customs Service ruling that would subject multipurpose vehicles to a 25 percent tariff.

Dealers and importers are seeking a 90-day suspension in order to press their cases for relief from the Customs determination.

Robert McElwaine, president of the American International Automobile Dealers Association, said he and other dealer representatives have been invited to a Tuesday meeting at Treasury to discuss the suspension.

Customs has also been told to warn importers they may be required to pay the 25 percent tariff following the suspension and should be prepared to post a bond to cover tariff obligations.

The Motor Vehicle Manufacturers Association, the Big 3 and the UAW supported the original Customs Service ruling, and all criticized the temporary suspension.

Chrysler Corp. Chairman Lee Iacocca was outraged by the decision and accused importers of using their dealers and lobbyists to turn the decision around.

"If the treasury caves in to this pressure in its final review, it would be an absolute outrage," Iacocca said in a prepared statement. "It would be a national disgrace. It would rip off the U.S. Treasury to the tune of approximately $500 million a year.

"I have been saying for years that Japan is dictating U.S. trade policy," he said. "This proves it."

In an earlier letter to Treasury Secretary Nicholas Brady, Iacocca supported the Customs ruling and urged him to "resist pressure from foreign manufacturers and their governments and their influential lobbyists to reverse the decision."

A trade lawyer representing the Automobile Importers of America said he could not remember a gov-

see TARIFF, page 47

Last week, Buick announced it will reduce production of its two-seat Reatta

2 MANY?

Sporty market crowded with cars, not buyers

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Automakers rushing headlong into the expensive two-seater and 2+2 market segments are finding themselves in the company of many other fish in an overpopulated pond.

Buick last week announced cuts in Reatta production. Cadillac continues its struggle to sell Allante. European and Japanese manufacturers have suffered a year-long sales slide. Meanwhile, new entries — including one from Chrysler Motors and Maserati and another from Volkswagen, both of which were unveiled this month — are jumping

see TWO-SEATERS, page 45

Chevy boss says Ford will win again in '89

By Michelle Krebs and David Versical
AUTOMOTIVE NEWS STAFF REPORTERS

DETROIT — Ford Division won the sales battle from Chevrolet for an unprecedented second straight year and is likely to remain in the No. 1 spot again in 1989.

Chevrolet General Manager Robert D. Burger, who will retire by July when he turns 65, predicted his division will not beat Ford in the 1989 calendar year but that it will close the gap — even though the Ford advantage widened in 1988. Burger said he is willing to bet Chevy will surpass Ford in 1990.

SALES BATTLE

	Chevrolet	Ford
Cars		
1988 ...	1,479,616	1,596,671
1987 ...	1,500,398	1,416,636
Total Trucks		
1988 ...	1,354,491	1,523,215
1987 ...	1,191,649	1,453,225
Light Trucks		
1988 ...	1,336,407	1,462,087
1987 ...	1,173,675	1,396,969
Total Vehicles		
1988 ...	2,834,107	3,119,886
1987 ...	2,692,246	2,869,861

In 1988, Chevrolet sold 2,834,107 vehicles against Ford's 3,119,886. In 1988, the sales gap between the

see SALES, page 46

NEWSPAPER
INSIDE:
Mopar director quits for State Dept. post Page 2
Highest and lowest turn to incentives Page 3
There's something new at Chrysler, Nissan Page 45

Yugo board member quits for State Dept. post

By Jim Henry
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Lawrence S. Eagleburger, a Yugo America board member, has resigned his board seat to accept an expected nomination as deputy secretary of the U.S. State Department.

Eagleburger, who served as U.S. ambassador to Yugoslavia from 1977 to 1981, was one of five board members for the company, a subsidiary of Global Motors that imports the Yugo subcompact from Yugoslavia.

"We're pleased that we had a person of such high quality on our board," said Anthony T. Ciminera, Yugo America executive vice president for product planning.

"He was a real asset to us, especially with his ability to speak Serbo-Croatian. He was liked and respected in Yugoslavia, and he was able to get us straight answers," Ciminera said.

The resignation comes at a troubled time for the New Jersey-based company, which is experiencing falling sales and new-product delays. Meanwhile, Yugoslavia itself is embroiled in political and economic turmoil.

Negotiations were expected to begin this week that could change Global's ownership, with the Yugoslavian automaker reportedly buying a substantial share of the U.S. firm.

The negotiations reportedly involve Global Motors; Mabon Nugent, a New York investment firm; and Zavodi Crvena Zastava, the parent company of Zastava Yugo Automobili, which makes the Yugo car.

Mabon, Nugent led a group of private investors that bought out Global Motors founder Malcolm Bricklin last April for some $40 million — about $20 million for Bricklin's 70 percent interest, plus another $20 million for operating funds and product development.

A Mabon, Nugent spokesman said last week that the investment firm and its affiliates own about 33 percent of Global Motors, representing an investment of approximately $10.5 million.

Mabon, Nugent and Global Motors have refused to identify the other investors.

"Mabon, Nugent has really nothing to say at this point," said spokesman Jim Fingeroth. He did not confirm or deny the reported negotiations for Global Motors.

A U.S. Commerce Department spokesman said last week that the Yugoslavian manufacturer is operating in a difficult economic environment. Economic problems marked by strikes and protests forced the resignation of Prime Minister Branko Mikulic and his cabinet last month, followed by the resignation last week of government and Communist Party leaders in Montenegro, one of Yugoslavia's six autonomous republics.

"The economic problems that caused the government to resign are the same ones Yugo has faced," said Jeremy Keller, Yugoslavia desk officer for the Commerce Department.

Keller said the Yugo plant, located about 100 miles south of Belgrade, is in an area that has seen "plenty of strikes and unrest." Zastava itself has apparently remained stable through the unrest but the protests are only a symptom of a more widespread economic shakeup, Keller said. The poor state of the economy has made parts sourcing difficult.

"The problems they (Zastava) are facing are purely economic, as opposed to any protests or unrest," Keller said.

"I've heard reports that they have trouble getting bits and pieces from their suppliers, so they have half-completed Yugos stacked up at the plant," he said.

The introduction of new models also has been slow, Keller said. Yugo was to have introduced a convertible as a 1988 model, but as of last week Yugo America had only two prototypes of the convertible in North America.

A letter sent by Yugo America last fall sought to reassure dealers that "hard-currency projects with the West — such as the Yugo America project — are high on Yugoslavia's list of economic priorities."

Ciminera said that Yugo America won't comment on domestic Yugoslavian politics, though he said Zastava enjoys a "protected position" within the economy.

Keller pointed out that Yugoslavia, which is a non-aligned nation, enjoys Most Favored Nation status as a trading partner, and the Commerce Department officially encourages trade between the two countries.

Meanwhile, President-elect George Bush last week announced his intention to nominate Eagleburger as deputy secretary of state, which would make him second in command behind James Baker, Bush's choice for secretary of state.

Prior to his nomination, Eagleburger was president of Kissinger Associates, a consulting firm headed by former Secretary of State Henry Kissinger. Eagleburger was a top adviser to Kissinger during the Nixon administration.

He joined the Yugo America board in February 1985, the year the Yugo was introduced in America.

Eagleburger retired from the State Department in May 1984, after 27 years as a Foreign Service officer.

VW retains sales crown in Europe

Fiat says race is too close to call

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

FRANKFURT, West Germany — In a photo finish, Volkswagen AG apparently edged Fiat Auto S.p.A. for the European car-sales crown by only 1,500 units, unofficial industry figures show.

It is the fourth year in a row VW has come out on top.

The overall market in Western Europe soared to record heights in 1988, finishing just a shade under 13 million units, according to industry estimates compiled by Automotive News.

The total grew 4.6 percent to 12,989,900 compared with 12,413,400 in 1987, the previous record.

Fiat was in first place for 11 months, surrendering the lead to VW in December. In selling 1,929,900 Volkswagens to Fiat's 1,928,400, the West German maker edged its competition out by less than a tenth of a point in market share.

Fiat is not yet conceding, however. In Fiat's figures released late last week, the company said it sold 1,930,000 cars, which would be a higher than industry estimates of VW results.

VW has yet to release its figures.

Europe's other big winners in 1988 were Peugeot S.A. and BMW, both of which substantially boosted market share.

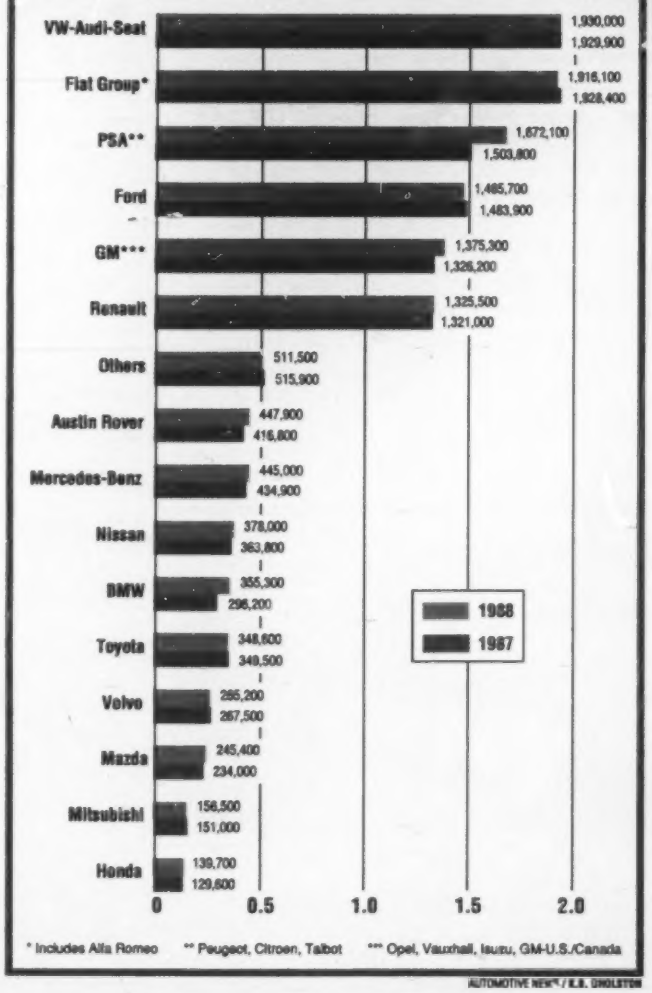
The Japanese were a relatively quiet presence in the marketplace. Combined, Japan automakers closely mirrored the overall market growth in 1988 and then dipped during December to finish with a rate of increase under the market.

West Germany again was Europe's biggest national market by a wide margin even though it was the only major country to suffer a decline in 1988.

VW figures include the corporation's Volkswagen, Audi and Seat brands. Fiat numbers reflect Fiat, Lancia, Alfa Romeo and Ferrari. Ford was once again the best-selling single brand in Europe.

European sales

Comparison of European vehicle manufactures sales for 1987 and 1988 shown in millions of units.



AUTOMOTIVE NEWS / E.E. SHOLETER

The widely forecast drop in Europe's four-year boom still hasn't emerged. Sales dipped in October but increased in November and December. Last month, volume climbed 4.9 percent over December 1987, rising to 926,200.

VW is now benefiting from improved supplies of its new Passat mid-range car, which had a slower-than-anticipated production start-up curve. Passat demand has been strong, and Golf remained Europe's best-selling car in 1988. Combined Golf/Jetta sales in 1988 totaled 819,700 units.

Altogether, VW claimed 14.9 percent of the European market and boosted unit sales 3.9 percent. The marque's sales rose only 1.7 percent to 1,282,300 in 1988. Audi, though struggling in the German domestic market, did well elsewhere in Europe and finished with a gain of 5.6 percent at 371,900.

VW Group received a big boost from Seat. Seat sales rose 12.7 percent to 275,700 with help from the continuing Spanish boom and in-

see EUROPE, page 47

Customs finds 'sham,' ups Nissan steel duty

By Lindsay Chappell and Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTERS

U.S. Customs has ruled that Nissan Motor Manufacturing Corp. must begin paying a higher duty on steel it imports for U.S. truck assembly.

The transplant operation will be paying between $350,000 to $400,000 more in import duty to manufacture trucks in Smyrna, Tenn., as a result of the decision.

After considering the matter for more than two years, Customs informed Nissan that its method of handling imported rolled steel coil to qualify for reduced duty payments constitutes a "sham transaction," and ordered the company to begin paying duty at a higher rate.

The decision means that Nissan must now pay a duty of between 4 percent and 6.5 percent for imported steel it uses for truck production in Tennessee, rather than the 3.1 percent duty it had been paying.

Estimates are that the plant consumes between $11 million and $12 million worth of imported steel a year to produce 100,000 pickup trucks. At that rate, the Customs order to increase the duty payments would boost the operation's annual tariff costs from approximately $350,000 to about $720,000.

The U.S. government protects the steel industry through a system of voluntary quotas.

"Sham" transactions were possible because Nissan's plant is covered by a foreign-trade subzone. When Nissan first began manufacturing trucks in Smyrna, the transactions were allowed under the laws covering the zones.

Nissan would import steel coil duty-free to its subzone at the Tennessee plant, a commodity that normally carries an 8 percent duty, and stamp it into chassis and body parts. It then moved the components to a site at the plant where there was no subzone status. The company then claimed the components had entered into U.S. commerce, paid the lower duty on the parts and then brought the components back to the assembly line as a domestic product, exempt from further duty payment.

Revisions in trade subzone practices in 1986 prohibit the practice, however. Those procedures only allow importers to reduce the duties they pay on imported materials if the finished product actually enters U.S. commerce.

When the regulations were revised in 1986, the company requested a ruling on its practice. It was answered last month, one week before its year-end plant shutdown.

The holiday season timing meant that company officials didn't learn of the government decision until the plant reopened early this month. By that time, about 2,400 pickup trucks had been assembled in noncompliance with the Customs decision. As a result, the company was assessed at the 25 percent tariff applied to imported trucks.

"I take great exception to this reference to our activity being a 'sham' operation," said Nissan general counsel Gail Neuman. "The entire transaction was originally approved by the Foreign Trade Zone Board. We're the ones who raised the issue in the first place."

Neuman acknowledged that the annual cost of the ruling to the manufacturer would be in the six-figure range, but said Nissan would not contest the decision.

"In the long term, this will have no effect on us," Neuman said. "We have been increasing our use of domestic steel for the past several years, completely divorced from this issue, and we will continue increasing until we use entirely domestic steel. About 45 percent of our steel already comes from the U.S.

"Depending on when the domestic producers are able to come up to the standards to meet our specifications, our plan is to eventually use only domestic steel."

She said Nissan hopes to use only domestic steel by the time it begins production of its third vehicle at the Smyrna plant in 1991. The facility currently manufactures pickup trucks and Sentra sedans.

"In the meantime, we will not contest the ruling and we will pay the higher duty," she said.

Starcraft launches new lease program for van conversions

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

In what is believed to be the first such program in the van-conversion industry, Starcraft Corp. will begin on Feb. 1 to offer its own Starcraft Lease program to the 1,000 dealers handling its products.

The program is designed to reduce monthly lease payments. It will be administered and underwritten by Auto Use, the Andover, Mass.-based subsidiary of Bill DeLuca Enterprises, which operates four East Coast dealerships. The dealerships are Bill DeLuca Chevrolet, Haverhill, Mass.; William Pontiac, Haverhill; Woodworth Chevrolet-Cadillac, Andover; and Village Buick, Andover.

Auto Use currently has about 15,000 vehicles out on lease through 400 dealers, said Michael Cook, company president.

Don Cuzzocrea, Starcraft chairman, said its program grew out of Bill DeLuca Chevrolet's experience with leasing Starcraft vehicles. The dealership found the vehicles retained better residual, or trade-in, values than allowed by banks or financing institutions, including automotive financing arms like General Motors Acceptance Corp.

Most leasing institutions don't fully credit the conversion portion of the vehicle, frequently worth $5,000 or more, in their assessment of its resale value, he said.

"The advantages of our program, as we see them, are that because the leasing people (Auto Use) are familiar with Starcraft vans, they're willing to give a little better terms, to give a higher residual value and better trade-in value for the vehicle 60 months down the road," he said.

"The key thing is that it's strictly voluntary for the dealer. It's just an extra profit source for him to finance and sell the vehicle. We're not forcing him to take our program, and there's no risk for the dealer," he said.

Auto Use currently will advance more than a vehicle's list price — if necessary — on the cars it leases, providing the margin to customers who might be "out of equity on the trade-in," for example, Cook said.

"Dealers should be able to quote a better payment and quicker payment to the customer," he said.

Customized vans tend to be rather expensive, often costing $20,000 or more.

"The payments for purchasing them are very substantial," Cook said. "The more expensive the vehicle, the greater the attraction of leasing because of the differential between buy payments and lease payments. This is an alternative way to finance to meet people's budgets easier."

Auto Use typically disposes of vehicles by wholesaling or retailing them, sometimes through its own dealerships. It rarely runs them through auctions.

"We think there's an awfully strong future in leasing," said Cuzzocrea.

Starcraft, in its overall van-conversion operations, is emphasizing lower-priced models in 1989 in response to competition from small, low-overhead conversion companies.

Its general goal is to "put more of our product into consumer hands at a better price," Cuzzocrea said.

"Our new program is just one more exclusive plus we can offer the dealer what the little guy (small converter) can't. When you compare us to small converters, they don't have parts catalogs, service manuals, brochures, training programs and now — leasing," he said.

Michael H. Erdman: on Chevy's front line AUTOMOTIVE NEWS/JOE WILSEREI

Mr. Chevy Marketing

Erdman's policies draw praise and fire

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

When Chevrolet Marketing Manager Mike Erdman finds spare time, he hunts wild ducks and pheasant in remote sections of Northern Michigan.

But lately, Erdman has been stalking bigger game, namely Ford Motor Co. and a host of import competitors.

The arsenal he has prepared includes streamlined field operations to help the branches respond quicker to the market, a mandatory fee paid by dealers to boost Chevy's advertising presence and a marketing staff organized in teams, each assigned to one specific vehicle line. Erdman's product ammunition includes the Geo line, which is sending Chevrolet on a new path in selling its imports and joint-venture models, and a family of vehicles aimed at unseating Ford Taurus.

The candid, chain-smoking marketing chief knows that if Chevrolet's aim is off, the prey will not fall. It will only come on stronger.

"Incumbent on the strategy is execution; there are no latitudes for mistakes any more," said Erdman, who took the reigns as Chevrolet's general marketing manager in May 1988.

Although he is not considered to be among the frontrunners for the job that Chevrolet General Manager Robert Burger will exit with retirement this year, Erdman has been on the front line of many controversial and daring moves the division has executed recently in an attempt to regain former glory.

When Erdman joined Chevrolet as a parts clerk in 1962, the division sold about one of every three cars, when 59 car nameplates competed in the United States. In 1988, Chevrolet sold about one of every seven cars in the same market with 43 brands. But perhaps most galling to Erdman is the fact that Chevrolet sold fewer cars and trucks than arch-rival Ford Division for the last two years.

"The nature of Mike Erdman is, I don't like to be in second place to anyone doing anything; (Ford) didn't get into first place overnight, so you are not going to take them out of first place overnight, either," Erdman said, leaning over his desk for emphasis.

The pressure to regain sales leadership makes Erdman's job as Chevrolet's chief marketing strategist one of the toughest in the industry.

Chevrolet dealers and observers say Erdman's no-nonsense, straightforward approach could be just what General Motors' top-volume car and truck division needs.

"Mike doesn't much care for talking about doing things; he's a doer," said Sean K. Fitzpatrick, vice chairman and director of creative services of Lintas:Campbell-Ewald, Chevrolet's advertising agency for all regions except the West Coast.

"He's doing things now that should have been done a long time ago at Chevrolet. He's the Vince Lombardi of automotive marketing — he stresses the basics," Fitzpatrick said.

"When I think of Mike Erdman, I think of a guy that's a part of the new Chevrolet," said John Bergstrom, chairman of the Chevrolet National Dealer Council and owner of Bergstrom Chevrolet in Neenah, Wis.

"He's not the typical 1960s and 1970s we-sing-off-the-same-songsheet Chevrolet. He's a symbol of what the automotive industry is going to be like in the 1990s," Bergstrom said, noting Erdman's tendency to listen intently before making a decision.

Part of readying Chevrolet for the

see ERDMAN, page 46

Ford slices price-leader loan rates

By Laura Clark and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

Citing consumer concern over rising interest rates, Ford Motor Co. last week announced a round of low-interest loans on its lowest-priced cars and trucks.

Cadillac, meanwhile, announced lease incentives on its most expensive models.

Ford's new incentive program is the first national low-interest loan program it has offered in 16 months. The program began Jan. 11 and ends March 2.

Low-interest loans are available on 1988-1989 Ford Escort, Festiva and Ranger models: 4.9 annual percentage rate for 24 months; 6.9 APR for 36 months; 8.9 APR for 48 months; and 9.9 APR for 60 months.

On 1988-89 Mercury Tracer models, buyers can receive 4.9 percent APR for 24 months; 5.9 APR for both 36-month and 48-month loans; and 7.9 APR for 60 months.

Ford is also offering California buyers of 1988-89 Tracers a 3.9 APR on 24-month loans.

As an alternative to the low-interest-rate loans, customers can receive the following rebates: $300 on Festiva L; $400 on Festiva L Plus and LX; $500 on Escort; $500 on 1989 Rangers equipped with automatic transmissions; $750 on 1988 Rangers and 1989 Rangers equipped with manual transmissions (excluding Ranger S); and $750 on Tracer.

Although low-interest loans are not included on the following models, rebates are being offered: $3,000 on all Merkur XR4Ti models; $2,000 on 1988 Scorpio (retail purchase only); $1,000 on 1988 Ford Thunderbird Turbo Coupe; $1,000 on 1988 Mercury Cougar XR-7; $600 on 1988 Thunderbird, Cougar and Bronco II; and $600 on Mercury Topaz and Sable.

Also, there is a $500 rebate on all Ford Tempo models, standard-length Ford Aerostars and F-250, F-350 and F-Super Duty trucks equipped with manual transmissions; $500 on Taurus L, GL and LX models; $400 on all Mustang models equipped with 2.3-liter engines; and $400 on Mustangs equipped with V-8 engines sold in California.

There is no dealer participation cost for the new Ford incentive program. Consumers must take delivery of the vehicles before the March 2 deadline.

Cadillac launched a new lease program covering its top-of-the-line cars.

Special lease rates, which have terms of up to 48 months, are available on new 1988 and 1989 Seville, Eldorado and Brougham models. The program expires March 31.

The program also covers 1989 demonstrator models with less than 5,000 miles and 1989 supplier-program purchases.

Cadillac said it will support the new lease program with major print and television advertising.

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Trotman climbs; Halstead heads Ford Europe

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — For the second time in less than a year, Ford Motor Co. has transplanted the head of its European operations to an upper-level post in the United States.

Alexander J. Trotman, chairman of Ford of Europe, will become executive vice president — operations, North American automotive operations, on Feb. 1.

The move positions yet another executive closer to the top of a company that is grooming potential successors to Vice Chairman Harold Poling and Chairman Donald E. Petersen. They are due to retire in 1990 and 1991, respectively. In the last 15 months, Ford has named three new executive vice presidents, bringing the ranks directly below Petersen and Poling to seven.

Trotman Halstead

L. Lindsey Halstead, 58 will take over for Trotman. Halstead, who until recently had been vice president of Latin American and Asia-Pacific operations, was put on special assignment at Ford of Europe Dec. 1, in apparent preparation for his new job.

Trotman, 55, assumes a post that has existed on the company charts but has been vacant for nearly a decade, a spokesman said. He will be responsible for sales, manufacturing, truck operations and car product development. He will report to another executive vice president, Louis R. Ross.

Trotman became chairman of Ford of Europe last March when his predecessor, Kenneth Whipple, came to the United States as executive vice president overseeing the Ford financial services group. Before that, Trotman was president of Ford of Europe for four years.

A native of Great Britain, he joined Ford of Britain in 1955. in 1969 he came to the United States and held jobs in marketing, product planning and truck operations. He is a U.S. citizen.

Halstead, who joined Ford in 1952, brings a good deal of international experience to his new position. He has been general manager of Ford of Mexico and director-president of Ford of Brazil.

In another senior executive move, Ford announced last week that Frederick Z. Herr, vice president — product assurance, will retire March 1 at the age of 63.

Besides Trotman, Ross and Whipple, Ford executive vice presidents are Stanley A. Seneker, chief financial officer; Philip E. Benton Jr., president, Ford automotive group; John A. Betti, diversified products operations; and Allan D. Gilmour, international auto operations.

Light trucks roll to 5th consecutive record year

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Compact vans and full-sized pickups were the big driving forces in 1988 behind the light-truck market's fifth consecutive sales record.

However, all industry segments except small pickups had some sales gain in the year. Light-truck sales totaled 4,872,633 units.

Calendar 1988 was the big turnaround year for full-sized pickups whose sales shot up 10.14 percent to 1,329,579 units.

Reasserting themselves as the industry's largest segment, they captured 27.29 percent of the light-truck market, up from a 25.86 percent share in calendar 1987.

Compact pickups, which had previously led the industry, dropped like a rock.

Once the Japanese yen began soaring, imported pickups, which created and drove this segment during its formative years, lost a good deal of their appeal.

Compact pickup sales of 1,310,487 in calendar 1988 were off 6.69 percent from the previous year. The segment's market share dropped to 26.89 percent from 30.08 percent in 1987.

Compact vans continue to be the busiest segment, pulling ahead of compact sport utilities in both volume and growth.

The two had run neck-and-neck in 1987, but in 1988, minivan sales soared to 818,741, up 18.99 percent.

Minivans accounted for 16.80 percent of light-truck industry sales in 1988, up from a 14.74-percent share in 1987.

The minivan total would have been 22,802 units stronger if Mazda's MPV, Mitsubishi's Van/Wagon, Toyota's Van and Volkswagen's Vanagon were included. These makers categorize those vehicles as cars, even though they belong in this truck segment.

TRUCK SALES UP IN NEARLY EVERY SEGMENT

	1988	1987	% Change	% Market
Big pickups	1,329,579	1,207,152	+10.14	27.29
Compact pickups	1,310,487	1,404,431	– 6.69	26.89
Big vans	479,838	471,862	+ 1.69	9.85
Compact vans	818,741	688,085	+18.99	16.80
Big sport-utilities	213,356	206,057	+ 3.54	4.38
Compact sport-utilities	720,632	690,896	+ 4.30	14.79
TOTAL LIGHT TRUCKS	4,872,633	4,668,483	+ 4.37	100.00

Compact sport-utility sales climbed to 720,632, up only 4.30 percent from the year earlier. They captured 14.79 percent of the light-truck market, almost equal to their 14.80 percent share in 1987.

This segment, too, was stymied because of a slide in import sales. Suzuki, which had been a major sparkplug on the import side, suffered sharply declining sales in 1988, as a result of both the controversy surrounding the safety of its Samurai and higher prices triggered by the strong yen.

Toyota's switch to reporting 4Runners as cars also clouded the segment's performance. The 4Runners, which Toyota reported as part of its truck sales last year, dropped to 7,723 from 31,424 in 1987. However, the 4Runners that it calls cars had sales of 20,880, up from 3,635 in 1987.

Toyota also sold another 6,024 Land Cruisers, a larger sport-utility, which it excluded from its truck sales.

Sales of big sport-utilities increased 3.54 percent in 1988, to 213,356 vehicles. The segment's market share of 4.38 percent held closely to the 4.41 percent share of the previous year.

Full-sized vans, which were production capacity-constrained, scored only a 1.69-percent sales increase to 479,838 units.

The segment's market share of 9.85 percent was off from a 10.11-percent share in 1987, as its increase in sales failed to match that of the entire light-truck industry.

NISSAN

Dealers-owned firm will sell insurance

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

LOS ANGELES — Nissan Motor Corp. in U.S.A. and Rollins Burdick Hunter, a Chicago-based insurance brokerage, are forming a "captive" business insurance company that will be wholly owned and operated by Nissan dealers.

A first for the auto industry, the new company is scheduled to begin operations by April. Nissan hopes it will give dealers greater control over the cost of many of their insurance coverages, such as property, liability and workers' compensation, said Thomas D. Mignanelli, Nissan Motor executive vice president.

"Over the years, one of the most uncontrollable elements of (dealers') operating budgets has been the cost of insurance," he said. "Dealer insurance premiums undergo huge price swings from year to year. By participating in their own insurance risks, the dealers eventually should be able to stabilize the cost of their insurance."

Nissan and Rollins Burdick Hunter will send representatives to the National Automobile Dealers Association convention Jan. 28-31 in New Orleans.

Ninety percent of Nissan's 1,100 dealers said they wanted to do something about their insurance costs, said Charles Small, vice president of the insurer's Rollins Burdick Hunter Direct Group. Seventy-five percent said they were interested in investing in a captive operation.

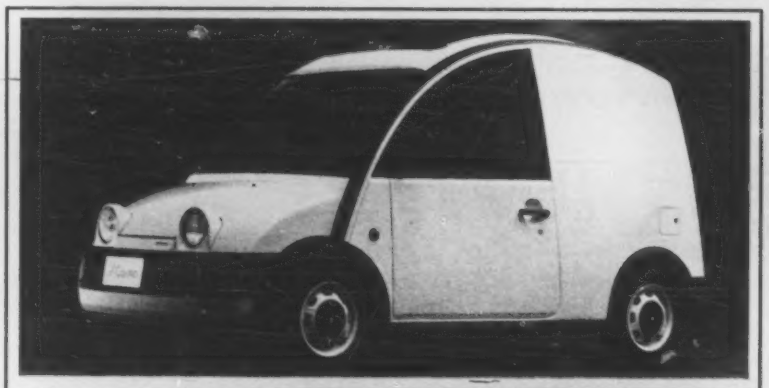
"Nissan dealers realized the insurance companies put them in the same category as other franchise owners," said Small. "By sharing in the insurance risk, they will begin to develop a keener interest in loss control and begin to stabilize their insurance costs."

Under the plan, insurance coverage will be offered through Reliance Insurance Co. The Nissan captive firm will work with Reliance to develop underwriting and loss-control guidelines and will re-insure a portion of each policy issued to participating dealers.

Nissan Motor Corp. will advance the expenses incurred in connection with the startup venture and is to be reimbursed from the capital raised.

The stock in the holding company for the captive insurance firm will be offered by prospectus only.

Nissan dealers and their affiliate franchises will be eligible to invest in the new company, as will franchised dealers for Infiniti, Nissan's new upscale division. Nissan dealers will be able to use the insurance to cover other franchises they hold.



S-Cargo and Pao debut
Two vehicles shown as concept cars at the 1987 Tokyo Motor Show have been launched in Japan. S-cargo will cost between $9,760 and $10,640, while the Pao is priced from $11,080 to $12,380. Production numbers haven't been fixed, but Nissan said it will take S-Cargo orders for two years and Pao for three months.

Sakaino named U.S. Isuzu chief

By Jesse Snyder
AUTOMOTIVE NEWS STAFF REPORTER

WHITTIER, Calif. — Kozo Sakaino has been named president of American Isuzu Motors, succeeding Masashi "Gene" Suzuki.

Sakaino

Sakaino, 47, has been senior vice president — manufacturing relations for American Isuzu and is considered a marketing specialist.

After serving two years as president of the U.S. sales arm of Isuzu Motors, Suzuki is being transferred back to the Japanese parent company. His new duties were not announced, but are expected to be in manufacturing, where the bulk of his professional background has been.

Sakaino said 1989 and 1990 will be challenging for American Isuzu.

"Isuzu needs to develop specific new products for the U.S. market if we are to successfully compete through the 1990s," Sakaino said.

Sakaino's primary focus will be on American Isuzu's regional marketing needs and national priorities and communicating product requirements to Japan "in a manner that is both credible and fundamentally efficient," he said.

Sakaino and Jack Reilly, senior vice president and general manager, are known to agree that Isuzu's future marketing success lies in increased regional emphasis rather than continued centralization.

Sakaino, with his experience in coordinating American Isuzu's marketing efforts with the production side of the Japanese company, will help prepare American Isuzu Motors for the opening this fall of the Subaru-Isuzu joint-venture assembly plant in Lafayette, Ind. That plant will provide pickup and Trooper II models for Isuzu's U.S. unit.

While giving Isuzu two production sources, the startup phase of the new operation will require deft balancing of sourcing, increased volume and satisfying dealers that have invested heavily in anticipation of higher vehicle availability.

Sakaino is a graduate of Tokyo's Keio University. He is a 25-year Isuzu veteran with a variety of overseas assignments. He was appointed Isuzu's chief representative to Indonesia in 1975, when sales were less than 30 units a month. When he left two years later, annual sales were 25,000.

He later was reassigned to Indonesia as chief representative of a joint-venture operation with General Motors.

As manager of Asian development in 1984, he had market development responsibilities for Malaysia, Indonesia, Hong Kong and New Guinea. In 1985, his last position before taking U.S. duty, Sakaino was assigned to Isuzu's overseas development team, concentrating on new ventures in Australia, India, Taiwan and Great Britain.

Penske acquires GM's overseas diesel business

By Dutch Mandel
AUTOMOTIVE NEWS STAFF REPORTER

The bond between auto entrepreneur Roger Penske and General Motors grew stronger last week as Penske exercised rights to acquire GM's overseas heavy-duty diesel engine business for his Detroit Diesel Corp.

Terms of the agreement were not disclosed.

Detroit Diesel has formed a trading company called Detroit Diesel Overseas Distribution Corp., and overseas subsidiaries in Singapore and Switzerland formerly owned by GM have been reorganized into wholly owned subsidiaries of Detroit Diesel.

Additionally, two subsidiaries have been formed in Switzerland — Detroit Diesel Suisse SA, which will handle sales in Switzerland, and Detroit Diesel Europe SA, which will handle European sales.

With a combined workforce of 60, the two European subsidiaries will be responsible for diesel engine sales in 16 countries.

Prior to the Detroit Diesel acquisition, some 75 persons were employed by the predecessor GM overseas operation. According to a Penske spokesman, the "10 or 15 who are not part of the new group have either taken retirement" or have moved to another GM company. He said none were laid off.

Through the overseas trading company, Detroit Diesel will expand the role of its newly acquired Australian distributor, Detroit Engine and Turbine Co., from a sales and service organization to an authorized importer and engine modifier, as well. That will allow sales to Australia's original-equipment manufacturers. The Australian unit will retain its 650-member workforce.

"The sales we make will increase two ways," said Paul A. Moreton, Detroit Diesel Corp. vice president of international sales. He said as its own overseas distributor, Detroit Diesel will no longer pay GM a licensing fee, as it did in 1988, thereby reducing costs.

Moreton said Detroit Diesel is heavily targeting overseas sales as a growth area in the coming year, and to help that along, it will increase the number of heavy-duty-engine models available in those markets.

In 1988, Detroit Diesel had $840 million in sales, and this year's projections are up 17.5 percent, Moreton said. That projected growth is partially based on an effort to concentrate on markets that previously received little attention — diesel generators and marine and pleasure craft businesses.

Pacific Power, a wholly owned subsidiary of Detroit Diesel based in Singapore, will be run by John Cousins, a 15-year veteran with Detroit Diesel and Allison.

The acquisition of GM's heavy-duty-engine overseas distribution system is the third cog in a GM-Penske wheel. Following the sale of 60 percent of Detroit Diesel Allison Division to Penske Transportation of Wilmington, Del., in 1987, Penske exercised an option to purchase an additional 20 percent in the newly named Detroit Diesel Corp.

The second option allowed Penske to buy from GM its Rochester Products Division, a group that included Rochester fuel injectors for heavy-duty trucks. That transaction was completed in November 1988.

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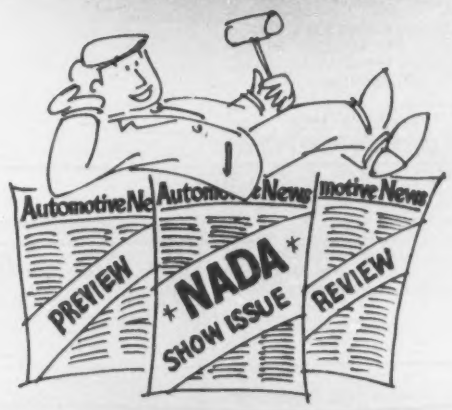

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Chrysler Motors

Jan. 17 — Florida Auto Auction of Orlando, Ocoee, Fla.; Hatfield Auto Auction, Hatfield, Pa.; Arena Auto Auction, Chicago; American Auto Auction, Walpole, Mass.; Greensboro Auto Auction, Greensboro, N.C.; Nashville Auto Auction, Nashville, Tenn.; Portland Auto Auction, Portland, Ore.; and Riverside Auto Auction, Riverside, Calif.

Jan. 18 — A.D.E. of Birmingham, Birmingham, Ala., and Butler Auto Auction, Gibsonia, Pa.

Jan. 19 — Northway Exchange, Clifton Park, N.Y.; Aptco Auto Auction, Taylor, Mich.; Indianapolis Auto Auction, Indianapolis; Ark-La-Tex Auto Auction, Shreveport, La.; Omaha Auto Auction, Omaha, Neb.; and Southwest Auto Auction, Phoenix, Ariz.

Jan. 20 — Manheim Auto Auction, Manheim, Pa.

Ford Motor Co.

Jan. 17 — Greater Chicago Auto Auction, Chicago; Harrisonburg Auto Auction, Harrisonburg, Va.; and Bay Cities Auto Auction, Hayward, Calif.

Jan. 18 — Northway Auto Auction, Clifton Park, N.Y.; Concord Auto Auction, Acton, Mass.; Aptco Auto Auction, Taylor, Mich.; and Metro Auto Auction of Kansas City, Lee's Summit, Mo.

Jan. 19 — Auto Auction of Billings, Billings, Mont.; Greensboro Auto Auction, Greensboro, N.C.; Texas Hobby Auto Auction, Houston; Minneapolis Auto Auction, Plymouth, Minn.; and Skyline Auto Exchange, Fairfield, N.J.

General Motors

Jan. 17 — Southern Auto Auction, East Windsor, Conn., and Dallas Auto Auction, Grand Prairie, Texas

Jan. 18 — Atlanta Auto Auction, Atlanta; Puget Auto Auction, Auburn, Wash.; Baltimore-Washington Auto Exchange, Baltimore; Clanton's Auto Auction, Darlington, S.C.; Omaha Auto Auction, Omaha, Neb.; Southern Auto Auction, Fontana, Calif.; and Mississippi Auto Auction, Hattiesburg, Miss.

Jan. 19 — Mid Ark Auto Auction, North Little Rock, Ark.; Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, St. Louis; and Utah Auto Auction, West Bountiful, Utah

Jan. 20 — Minneapolis Northstar Auto Auction, Shakopee, Minn.

Used Car Sales

Auction Averages

January 89	$5,001
Month ago	$5,811
Year ago	$4,379

Model Breakdown

Auction Averages

	JAN. 1989	DEC. 1988	NOV. 1988
1989 ...	$10,300	—	—
1988 ...	$7,036	$9,894	$9,514
1987 ...	$6,522	$7,686	$7,330
1986 ...	$5,208	$4,874	$5,997
1985 ...	$4,636	$4,747	$5,077
1984 ...	$3,519	$3,723	$3,721
1983 ...	$2,696	$2,776	$2,948
1982 ...	$2,239	$2,343	$2,228
Overall Average	$5,001	$5,824	$5,204

NEW MODELS

Chrysler TC is $30,000 — and no extras

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

INDIAN WELLS, Calif. — After years of delays, the Chrysler TC by Maserati has officially joined the luxury sport coupe market in the United States.

Chrysler TC, a combination convertible/hardtop two-seater designed and engineered by Chrysler Motors and Maserati S.p.A., is being introduced at "$30,000, fully equipped and very competitive," said Joseph A. Campana, vice president of Chrysler-Plymouth Division.

"All equipment is standard. There are no extra-cost options," he said. "Buyers need only select color and choice of drivetrain."

The 1989 Chrysler TC is built by Maserati in Milan, Italy, and imported for sale by 318 specially franchised Chrysler dealers in the United States.

The car is first being supplied to 50 dealers in California, and to other major U.S. markets over the next few months. All Chrysler TC dealers will have cars by summer, Campana said at the car's launch here.

After California, dealers on the East Coast — New York to Miami — will get cars, followed by dealers in the Central United States.

Campana said Chrysler will build "roughly 3,500 TCs in the first model year, which ends in September, and we will sell them all." He also predicted that Chrysler would "sell out the plant" in the second model year when Maserati produces between 4,000 and 5,000 TCs.

The TC is built on a 93.3-inch wheelbase, measures 175.8 inches long overall and has a curb weight of 3,200 pounds. The car is 68.5 inches wide and 51.9 inches high.

The front-wheel-drive TC features an electronic fuel-injected, intercooled, four-cylinder, single-overhead cam 2.2-liter turbo engine producing 160 horsepower at 5,200 rpm. A 16-valve double-overhead cam version of the engine produces 200 hp at 5,500 rpm. The 16-valve engine is offered only with a Getrag five-speed manual transaxle, while the turbo is equipped with a three-speed automatic.

An anti-locking braking system developed by Teves is standard and used in conjunction with four-wheel disc brakes.

The car also features a handcrafted Italian leather interior, Chrysler-Infinity sound system with power antenna, automatic temperature control system, six-way power reclining bucket seat, tilt-steering column and power exterior mirrors that are electrically heated.

Chrysler TC by Maserati has a removable top

Other standard features include automatic speed control, an illuminated entry system and remote control switches to open the hood, trunk, fuel filler door and tonneau cover. The exhaust system is stainless steel with chrome tips.

Side mirrors, door handles and side moldings are the same color as the body, which is available in exotic red, royal Cabernet and light yellow.

The folding top is fully lined, manually operated and stowed beneath the metal tonneau cover. With the soft top in the up position and latched at the windshield header, an electrically operated mechanism pulls down on the rear bow to make the fabric taut.

The molded removable hardtop is provided at no extra cost. The hardtop has beveled glass opera windows and an electrically heated rear-window defroster.

The TC interior features a wraparound instrument panel and hooded instrumentation pod with circular analog gauges. Instrumentation includes an electrically driven speedometer-odometer, which eliminates cables and is said to improve cluster removal and service. A padded leather center armrest serves both front seat occupants.

Behind the front seats is a fully carpeted, lockable storage compartment. It contains a minispare tire, tool kit and an umbrella in a clip holder.

The passenger compartment features leather seats and side panels.

The car is covered by a 5-year/50,000-mile limited warranty, Chrysler's Crystal Key luxury car care program. The powertrain warranty extends to 7 years/70,000 miles, while corrosion protection against exterior body-panel perforation is 7 years/100,000 miles.

"The warranty details are simple and straightforward," Campana said. "The owner takes care of normal maintenance, adjustments and wear items. Chrysler takes care of everything else. Everything. No exceptions, no deductibles."

Campana said the entire Chrysler line will benefit from the prestige ruboff of selling the TC.

" 'Made in Italy' says something prestigious and special about a sports car," he said. The name Maserati means something prestigious and special as well, he added.

"We're going to position TC as a unique new Chrysler image car with the attributes and craftsmanship of high-priced European luxury convertibles.

"The word 'unique' is important," Campana said. "We're not positioning this car on top of Mercedes, priced at $64,000.

"We are being realistic about that. Frankly, we learned some lessons from the (Cadillac) Allante experience. We are positioning the TC as a car that is totally made in Italy."

In reference to the TC's pricing, Clark Vitulli, Chrysler general marketing manager, said, "This is not a volume car for us, not a profit car. We're building the TC not for what it will make us, but where it will take us."

Vitulli said one of the biggest surprises of the Chrysler TC is its $30,000 price.

"We are pricing the TC under virtually every competitor in the price segment — less than half the price of Mercedes 560-SL ($64,230) and almost half the price of Allante ($57,183)," Vitulli said.

"While the Reatta appears to be priced lower, Reatta is available in hardtop only. They will not have a convertible until late 1989. Even then, it will remain, of course, a domestically produced car."

Campana said Chrysler will use the "rifle shot rather than a shotgun approach" in TC advertising.

"A broad advertising approach would not be very effective with this type of car. We will begin with regional advertising on the West Coast and eventually spread eastward," he said.

No national television advertising is scheduled. The main advertising thrust will be in upscale print media.

AXXESS

Nissan's 1990 MPV set for sale in March

By Francis J. Gawronski
AUTOMOTIVE NEWS STAFF REPORTER

CARSON, Calif. — Nissan will begin selling the Axxess, a newly designed multipurpose vehicle, in March as the first entry in its 1990 lineup.

The Axxess will debut Jan. 30 at the Nissan Los Angeles Golf Tournament.

Said to offer the utility of a van, but in a smaller package delivering the performance of a sedan, the Axxess will replace both the Stanza and Maxima wagons in Nissan's line.

"We see Axxess as an upscale, modern alternative to the traditional sedan/wagon or minivan," said Robert J. Thomas, Nissan Division general manager. "It was designed to compete among the mid-sized wagon, multipurpose vehicle and compact bus segments."

Thomas predicted the market will be receptive to the Axxess and projected annual sales of 18,000 for the 1989 and 1990 model years.

Axxess buyers are expected to be married, 30- to 44-year-old college-educated professionals from all income categories, he said.

Axxess offers one trim level available with a choice of front- or all-wheel drive. Nissan expects fwd to take 85 percent of the model mix.

The all-wheel drive works full time, using a viscous coupling providing automatic torque transfer between the front and rear axles and between the rear wheels. The system is designed to improve traction on wet and snow-covered roads and to reduce wheel spin for cornering and acceleration.

A full-time, all-wheel-drive Nissan Axxess also will be offered

The Axxess has the same 12-valve, 2.4-liter, inline four-cylinder engine found in the Nissan 240-SX. It has a fully independent suspension wrapped in an aerodynamic 0.36-drag-coefficient body. The engine features an electronic multi-point fuel injection system and produces 138 horsepower at 4,400 rpm.

The seats can be arranged to carry cargo or to haul five adults.

Axxess is said to be the only vehicle with sliding doors on both sides. Its high ceiling, low, flat floor and single rear liftgate can accommodate up to 800 pounds of cargo.

Nissan said it has certified Axxess to meet all car safety regulations. Standard features include motorized passive seat belts up front, outboard three-point seat belts in back, 5-mph bumper, side-door beams, roof reinforcement, shift interlock system and a high-mounted brake light.

Additional standard equipment includes power rack-and-pinion steering, power door locks, reclining front bucket seats with head restraints and armrests, carpet, cargo tonneau cover, intermittent windshield wipers, rear window wiper and defroster, remote tailgate and fuel filler releases and AM/FM stereo cassette with four speakers and in-glass rear window diversity antenna.

The Axxess is 171.9 inches long, 66.5 inches wide and 64.6 inches high. Front track is 57.5 inches and rear track is 56.3 inches. Wheelbase is 102.8 inches for the fwd model and 102.4 for the all-wheel-drive version.

The fwd model weighs 2,877 pounds, while the all-wheel-drive model weighs in at 3,146 pounds.

TWO-SEATERS

FROM PAGE 1

into the water.

"Everybody is rushing to this area of two-seaters and two-plus-twos, which is going to be growing but not to the extent that everybody is going to be a winner," said Thomas O'Grady, Integrated Automotive Resources, Wayne, Pa.

"Everybody realized the segment was growing, they drew up plans to get into it, and some of them don't belong there," he said. "Some don't have the power and clout, the technical expertise or the marketing capability to stay in and fight it out."

Nevertheless, O'Grady noted, two-seaters and 2+2s — particularly those in the $20,000 to $30,000 range — can accommodate the needs of only a limited number of buyers.

Last week, Buick announced it will reduce production of its two-seat Reatta. The move will result in the layoff of 100 workers, and reduce production from 56 to 42 cars a day starting Feb. 13. Some layoffs will occur Jan. 20 when the plant is shut down for installation of a new paint process and some new tooling for the Reatta convertible, which will be introduced in the fall.

Buick officials said their sales forecasts may have been overly optimistic in light of the fact that the convertible won't be ready until fall, about a year after it was originally intended. Buick's research of potential buyers seeking an expressive car like the Reatta shows that they often want a convertible. Buick expects at least a third of Reatta sales to be convertibles.

Despite the production cut, Buick is still shooting for 7,000 to 8,000 sales in the 1989 model year. Buick could approach its goal if it sustains the sales rate of the first quarter of the model year, in which 1,755 Reattas were sold.

In addition, Buick is boosting Reatta advertising to launch levels, said Jay Qualman, Buick general director of advertising. Buick backed off its launch level of advertising — estimated at $10 million annually — when the car became an instant success by surpassing sales expectation in the 1988 model year.

Meanwhile, Cadillac continues to struggle to sell its Allante. Sales in calendar 1988 were up 22 percent over 1987 sales. However, December Allante sales were off 55 percent from the previous year, and if that trend continues, Cadillac won't make its 1989 model year target of 3,200. Cadillac closed the year with 262 days' supply of the $50,000-plus, ultra-luxury model.

Nevertheless, Cadillac plans no change in production schedules, though a year ago, when inventories climbed, Cadillac did halt production for nearly two months.

Because of increased prices resulting from the weak dollar, European and Japanese manufacturers offering expensive two-seaters and sport coupes also are finding them a tough sell. Virtually all of those importers saw sales of their entries in the segment dive during 1988, and December was a particularly poor month for many.

Porsche sales dropped 33 percent in 1988 from the year before. Sales of the Mercedes-Benz 560-SL held steady in 1988 from 1987, though they took a 27 percent drop in December compared with December 1987. Likewise, sales of two-seaters and 2+2s from Toyota, Nissan and Mazda were off substantially in 1988 compared with 1987.

Against that backdrop, Chrysler last week introduced its $30,000 luxury sports convertible, the TC by Maserati, after several false starts. Chrysler's goal is to sell 3,500 for the model year and to sell 4,000 to 5,000 in the next model year.

Meanwhile, in preparation for next spring's introduction of its supercharged Corrado sport coupe, VW is showing the car at this winter's major U.S. auto shows.

Japanese makers request tax break for bigger minicars

By Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTER

TOKYO — Japan's minicar makers want to think big and are petitioning the government to allow them to build larger and more powerful minis without having to pay higher taxes.

The Japan Automobile Manufacturers Association is petitioning the Ministry of Transport to extend the limit on engine size from the current maximum of 550 cubic centimeters to between 650 cc and 690 cc. They also are seeking an increase in overall length from 126 inches to between 128 and 130 inches, and width from 55 inches to 57 inches.

Honda President Tadashi Kume said the petition simply reflects current demand in the minicar market where consumers are showing an increasing interest in options such as air conditioning and automatic transmission. Kume said the proposal for larger dimensions is reasonable.

However, the petition comes at a time when the companies that specialize in minicars are facing what they fear might be a sharp downturn in their segment after Japan's tax reform bill takes affect in April.

At that time, the staggered luxury tax system that has largely favored small cars will be replaced with a flat commodity tax. The change is expected to benefit larger cars, particularly those over 2 liters, which have been restricted under the current tax system.

In addition, the annual auto tax also will be lowered, particularly on engine sizes between 2 liters and 3.5 liters. Those engines had been taxed at much higher rates than smaller engines under the current system. BMW, which has led the way in arguing for a change in the tax rates on larger cars, expects the new rates to have a strong impact on sales.

While changes in the tax laws are expected to promote the sale of large cars, it only underscores an overall trend to larger cars in the Japanese market. Last year, sales of cars displacing more than 550 cc rose 14 percent, but minis grew only 4 percent.

Analyst Stephen Usher, Kleinwort Benson, does not see much of a future in the minimarket, even with an increase in dimensions. He said the 1-liter market has become a much more attractive alternative.

Even Honda, which insists there is still a market for the mini in Japan, is not forecasting any upward trend. "Sales may not increase," Kume said. But he said there would be no serious cutback.

Many companies are forecasting 2 percent to 3 percent growth for the domestic market in 1989, based largely on the boost expected from the tax reform. Although some companies are outlining much higher individual goals.

Usher calls the 2 percent to 3 percent forecast conservative. He looks for growth of at least 4 percent to 5 percent, and perhaps much higher. The companies that will benefit the most will be those already in the luxury and large-car segments, he said.

Analyst Koji Endo, Nomura Securities, said there may be 2 percent to 3 percent growth for calendar year 1989. But for the fiscal year, beginning in April when the tax reform takes affect, he said the increase could hit double digits.

Some pent-up demand might also be anticipated following the funeral for Emperor Hirohito. Ever since September, when the emperor became seriously ill, companies have exercised some restraint, reducing advertising and postponing sales campaigns.

Now dealerships are anticipating moves to cut prices, to boost sales — particularly in March — when a turndown is expected just prior to the tax change. BMW is the only company to publicly announce price cuts because of the shift in sales that the tax reform is supposed to induce.

Japanese makers are reluctant to follow suit. Some dealers have been advised not to be the first. But any move to reduce prices is expected to spread quickly.

EUROPE

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creased gains in other markets.

Fiat's run at first place was helped by Alfa Romeo. Alfa sales rose 14.9 percent to 214,800. Its new 164 sedan is a hit in Italy and was introduced in other European markets in the second half of 1988. Fiat brand climbed 9.7 percent to 1,445,300. Lancia/Ferrari sales were 268,300, up 4.2 percent in 1988.

Some observers believe Fiat is in position to take over first place in 1989. The Italian company introduced its Golf-fighter, the Tipo subcompact, in 1988 and is expected to boost Tipo output closer to capacity limits in 1989 and market the new car aggressively.

Peugeot S.A., including Peugeot and Citroen, improved the most among Europe's six big-volume producers in 1988. Sales rose 11.2 percent for the year to 1,672,100 with the aid of a healthy French market. Peugeot S.A. boosted market share from 12.1 percent in 1987 to 12.9 percent last year, the biggest gain of any manufacturer.

The main reason for the performance is the success of Automobiles Peugeot's 405 compact, introduced in mid-1987. Only capacity limits seemed to restrain the 405 as Peugeot-brand sales rose 14.2 percent. It was the biggest leap of any single marque other than BMW's new-5-series-led 19.9 percent leap to 355,300 units. BMW's share rose to 2.7 percent share from 2.4 percent in 1987.

Ford built to capacity all year — except for its Scorpio big car — but couldn't make up sales lost during a lengthy strike in the United Kingdom last February. Volume declined 1.2 percent to 1,465,700 units and, with the European market booming, share tumbled from 12 percent to 11.3.

General Motors gained 3.7 percent for the year to 1,375,300 units, good for a 10.6 percent share. GM gained in the second half after a third shift was added in April at its plant in Zaragoza, Spain, putting more Opel Corsa/Vauxhall Nova small cars into dealers' hands.

GM also was helped by the new Vectra/Cavalier compact launched last fall. GM December sales rose 10 percent to 100,300 units.

Renault was sixth in 1988 with a market share of 10.2 percent on sales of 1,325,500, a gain of only 0.3 percent. Despite introducing its new R-19 replacement for the slow-selling R-9/11 twins, Renault was flat in a French market that was up more than 5 percent.

The Japanese, who are in the midst of sensitive discussions with European officials over import levels in the pre- and post-1992 market unification eras, took pains not to be disruptive in 1988. Japanese makers finished with combined sales of 1,445,700 cars, an 11.1 percent market share — down from 11.3 — and a volume gain of 3 percent. December sales dropped 16.1 percent to 83,400.

Nissan once again was tops in Europe among the Japanese, with sales of 378,000 cars.

West Germany nearly equaled its record 2.91 million sales in 1987. Europe's biggest market finished at 2,803,500 in 1988, a decline of 3.8 percent. German sales were off 11 percent last month to 220,000 units.

The French market recorded a strong December to move into second place ahead of the United Kingdom and Italy with sales of 2,217,800, a gain of 5.3 percent. December sales were up 23.5 percent to 258,000.

Sales in the United Kingdom grew 10 percent in 1988 to 2,215,600 units. However that market is widely expected to flatten out this year. December volume was up only 0.4 percent to 91,600.

Italy cracked the 2-million barrier for the first time, finishing at 2,184,000, an increase of 10.5 percent. Spain topped one million for the first time, rising 14.4 percent to 1,058,600, the third straight year of dramatic growth.

Economic woes in Denmark and Norway caused those markets to suffer in 1988. Norway was down 41.2 percent to 67,700 car sales, and Denmark dropped 28.8 percent to 87,800.

The biggest growth was registered in Portugal, which is sharing the economic robustness of its Iberian neighbor, Spain. Portuguese sales rose 66.4 percent to 206,000 units last year.

NEW-CAR SALES BY COUNTRY IN EUROPE

Country	Jan-Dec. 1988	Pct. Change from 1987
West Germany	2,803,500	– 3.8
France	2,217,800	+ 5.3
United Kingdom	2,215,600	+10.0
Italy	2,184,000	+10.5
Spain	1,058,600	+14.4
Netherlands	462,700	–13.9
Belgium-Luxembourg	462,400	+ 5.1
Sweden	340,700	+ 7.8
Switzerland	321,800	+ 6.0
Austria	251,700	+ 3.5
Portugal	206,000	+66.4
Finland	172,900	+14.8
Denmark	87,800	–28.8
Norway	67,700	–41.2
Ireland	61,300	+13.0
Greece	55,300	+ 9.5
Total	12,980,900	+ 4.5

TARIFF

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ernment decision catching the import industry more off-guard. He said:

"This has sent shock waves through the industry, and I think its impact will be felt way beyond Customs. I don't think you can overturn years and years of trade policy without a decision being made at the highest reaches of government and that's where this will end up."

The decision to suspend the controversial ruling came after a meeting last Thursday between Brady and West German Finance Minister Gerhard Stoltenberg. Although Brady and Stoltenberg met to discuss a range of economic issues, Stoltenberg brought up the tariff matter out of concern for Volkswagen AG's sale of Vanagon models in the United States, sources said. The Vanagon is one of 21 imported van and sport-utility vehicles affected by the ruling.

Earlier in the week, the National Automobile Dealers Association, the American International Automobile Dealers Association and Automobile Importers of America had asked the Treasury Department to suspend the Customs ruling.

Most affected importers are taking a cautious approach, typically holding off pricing decisions until they get a definitive answer from the U.S. Treasury on how the duty applies to them, but the prospects include squeezed dealer and importer margins and higher sticker prices.

Many echoed Toyota Motor Sales' prepared statement:

"It's too early to assess whether or not prices will be increased. At this point, the exact number of vehicles that will be affected hasn't been determined. Naturally, we're disappointed with Customs' announcement but will abide with the new ruling."

But at least two companies acknowledged that ultimately, if the ruling stands, there will be an impact on prices.

"The Trooper II is our most profitable and best-selling model," said Jack Reilly, senior vice president and general manager of American Isuzu Motors. "If the ruling stands, we'll have to look at handling it three ways — swallowing some of the price increase, raising the manufacturer's suggested retail price and squeezing dealer margins."

Reilly's comments echoed those of Jules Clavadetscher, director of product development for Nissan Motor Corp. in U.S.A.:

"I'm not saying we would reduce dealer margins on the Pathfinder and van, but we would have to take a look at it. It's still too early to tell what our response will be."

Perhaps the hardest hit by the ruling is Range Rover which, at $35,800, is the highest-priced vehicle affected by the ruling.

Company officials acknowledged that the duty could be in the $5,000 to $6,000 range, although they have not calculated it exactly, pending clarification.

"We don't think this will affect our customers too much," said a spokesman, who noted that the typical Range Rover buyer has a household income in the $150,000 to $200,000 bracket.

Others were confused as to whether it applied to them.

Laforza Automobiles, the Hayward, Calif., importer that will begin marketing a $43,800 sport-utility vehicle in March that will compete against Range Rover, so far has no idea how much duty will be levied on its vehicle.

"We're going to seek an immediate clarification from Customs," said Robert Stallsmith, Laforza president. "So far, there is no indication that any of it applies to us, but we simply have to know."

Laforza's chassis and bodywork is assembled in Turin, Italy, by Pininfarina, but final assembly has begun at C&C Inc. in Brighton, Mich., where a U.S.-built Ford 5-liter V-8, transmission and transfer case and some accessories are added.

Laforza is hastily documenting the exact amount of U.S.-sourced parts and labor to accompany its request to the U.S. government. Even if the 25 percent duty applies only to the Italian parts and labor, it would amount to several thousand dollars per unit, Stallsmith acknowledged.

In Europe, Volkswagen AG said it "will not accept" the U.S. Commerce Department's decision to slap a 25 percent tariff on the company's Vanagon model and is preparing a court challenge.

However, if the ruling stands, one option is not to sell the upcoming replacement for the Vanagon in the United States, according to Rolf Hartermann, VW sales director for commercial vehicles.

Last year, VW sold 5,416 Vanagons in the United States. The peak was 18,000 in 1985.

"We are not willing to accept this decision because we don't think we fall under this act," Hartermann said.

His argument mirrors that of other importers caught up in the decision — in that their multipurpose vehicles are used primarily to transport people, not cargo. Yet, those vehicles are generally certified to light-truck safety and fuel-economy standards and are exempt from passenger-car passive-restraint rules.

"We are a bit astonished, for instance, that the Range Rover or the Mazda MPV are included in the list of vehicles affected by that extra tax," Hartermann said.

Hartermann said tariff charges are being deposited in a special account.

Hartermann said VW does not plan joint legal action with other manufacturers.

If the new Customs standard is not changed, Hartermann said he could not rule out a decision not to export the next-generation van to the United States. The front-wheel-drive Type 2 replacement is expected early next year, according to VW sources at the Brussels Truck Show.

Meanwhile, VW hasn't decided whether to raise prices on its Vanagon.

McElwaine, president of the American International Automobile Dealers Association, said importers and dealers asked for the delay in the ruling last week. "This was a body-blow to the import automobile industry. It increases costs for multipurpose vehicles from a low of $2,500 per vehicle to a high of $5,000," McElwaine estimated.

"We are doing everything we can do to see that this does not take effect," he said. The suspension of the Customs Service order was necessary, he said, so "we can present rational arguments against this ruling and we would like the Customs Service to hold public hearings."

"We don't think the Customs Service has the right to make a major trade policy decision without advance notice or public hearings," he added.

McElwaine said the association has not urged dealers to aid in overturning the decision, although some dealers have reportedly written members of Congress complaining of the high tariff. McElwaine said dealers may be asked to voice their concerns once a decision is made on postponement.

NADA Executive Vice President Frank McCarthy said, "We can't believe the Customs Service realizes the full impact of this ruling." He said NADA "will do everything in its power to see that this decision is overturned."

Automotive News Staff Reporters Jesse Snyder and Francis J. Gawronski in Los Angeles and Richard Johnson in Frankfurt, West Germany, contributed to this report.

QUOTAS

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restraints are meaningless and should be dropped because the effects of the exchange rate as well as the growth of transplant operations have made the 2.3 million limit on car exports difficult to achieve.

Shipments of 1,479,604 units between April and November 1988 were down 10.4 percent from the same period a year earlier. Most of that decline is attributed to companies delaying shipments to clear out inventories of old models in order to bring in higher numbers of new models introduced in the fall.

MITI Minister Hiroshi Mitsuzuka said the restraints will be kept in place until it is certain that lower export figures will be maintained.

Analyst Koji Endo of Nomura Securities said some increase in exports is expected, if only to counter an expected turndown in Japanese domestic market sales as buyers await the lower tax rates on cars that are slated to go into effect in April.

Honda Motor Co. is forecasting a 6 percent increase in overall exports, including a 4 percent increase to the United States for the 1989 calendar year. Honda said it will be able to increase shipments between the first of the year and the end of the quota year in March as the result of a decrease in shipments during the last half of 1988.

Shoichiro Toyoda, president of Toyota Motor Corp., which could also benefit from an increase in exports, said the decision to extend the quotas could not be helped, since it was made in consideration of U.S.-Japan trade relations.

Most auto leaders, commenting on MITI's decision, said it was necessary to avoid further friction on the trade issue. The most negative comment came from Suzuki Motor Co. which, like other companies that are left with a small allotment under the current arrangement, has more to lose by the extension. Suzuki President Osamu Suzuki said the restraints support a gap between Japanese automakers in the U.S. market.

Mitsuzaka held out the option of canceling quotas in mid-year if a strong downward trend in exports is determined. But most analysts, who see MITI passing up what might be the best opportunity for eliminating restraints, do not really expect a reversal so soon.

The decision is viewed widely as a comment on the total trade issue. The announcement of the extension followed a government forecast for strong economic growth in 1989 that includes only a slight cutback in exports.

Reaction in the United States was varied.

Robert M. McElwaine, president of the American International Automobile Dealers Association, said, "Our association had just sent a letter to MITI asking that the quotas be terminated. In our view, there is absolutely no justification for their continuation.

"Japanese manufacturers will fail to reach the existing quotas for the second year in a row in 1989. The voluntary export restraints serve no other function than to distort the new-car marketplace at a time when domestic manufacturers are having their most profitable year in history."

"Even with all the talk about the Japanese taking it off, it's really not unexpected," said Jimmy Payton, president of the National Automobile Dealers Association. "I thought they would do it. With all of the automobiles that are being built here today, it is meaningless anyway. I'm not sure that they are going to use all the 2.3 million they have for 1988."

UAW President Owen Bieber said, "We are pleased that Japan responded to the concerns raised by UAW and others in agreeing to renew the (restraints) for another year. At the same time, we are disappointed that they did not respond to our proposal to adjust the (total) downward so as to make allowance for the growth of low-U.S.-content 'transplant' assemblies."

A spokesman for Ford Motor Co. in Washington said, "We're pleased the Japanese government has recognized that some form of restraint is necessary until the serious imbalance in U.S.-Japan trade is corrected.

"The present agreements between the United States and Japan on automobiles, semiconductors, textiles, steel and other products should remain in place until Japan's trade surplus has declined substantially. In addition, Japan must further open its markets to U.S. goods and continue to stimulate its domestic market."

Rep. John Dingell, R-Mich., chairman of the House Energy and Commerce Committee, said that while the decision is good news, he feels the quota number is fixed so high it doesn't have much meaning.

"There is sufficient cheating so that the actual figure isn't all that important," he said "Japanese manufacturers have done everything they can to get around it. They'll call cars anything from trucks to wagons, to perambulators, if it will help them beat the system."

A spokesman for Chrysler Corp. said the company welcomed the continuation of restraints, adding they should "stay in place until there is a major reduction in the automotive trade imbalance."

General Motors called the extension "mostly symbolic. The voluntary export restraints are not constraining shipments from Japan and are not expected to, under current market circumstances. The consensus among auto analysts is that auto imports from Japan will fall considerably short of the 2.3 million limit in 1989."

Automotive News Staff Reporter Geoff Sundstrom in Washington contributed to this report.

Saturn seeks 1,000 line workers

By Lindsay Chappell
AUTOMOTIVE NEWS STAFF REPORTER

NASHVILLE, Tenn. — Saturn Corp. will hire 1,000 people for its Spring Hill, Tenn., auto plant this year, bringing its total workforce to 1,500.

In comments addressed to the Maury County (Tennessee) Chamber of Commerce last week, Saturn President Richard G. "Skip" LeFauve indicated for the first time that annual production costs for the new Saturn car will be approximately $1.8 billion a year at full production.

The new-employee hiring campaign will shift its focus from workers with powertrain and foundry backgrounds to those with general assembly backgrounds.

Recruitment coordinator Bob Pearson said the hiring process will accelerate now because the pool of applicants with assembly backgrounds is larger.

Pearson said the company already has 9,000 applications on file, and is confident of filling the next 1,000 openings exclusively from GM rank and file.

INVENTORIES

DOMESTIC DAYS' SUPPLIES

	Jan. 1, 1988	Dec. 1, 1988	Jan. 1, 1989
Aries	—	—	102
Eagle	—	—	88
Premier	105	129	—
Total Eagle	105	129	171
Horizon	134	135	49
Duncanse	70	61	66
Furians	—	—	127
Reliant	64	47	50
Acclaim	42	32	—
Caravelle	120	109	60
Gran Fury	43	45	126
Total Plymouth	76	62	80
LeBaron K	94	81	134
LeBaron J	70	73	108
LeBaron GTS	164	148	144
Fifth Avenue	195	182	96
New Yorker C	44	70	46
New Yorker E	177	143	164
Total Chrysler	71	82	106
Omni	125	107	58
Shadow	67	65	83
Charger	—	—	124
Daytona	113	92	110
Aries	53	44	96
Lancer	240	211	163
Spirit	29	79	—
Diplomat	62	75	158
Dynasty	38	49	80
Dodge 600	113	94	92
Total Dodge	65	67	91
CHRYSLER MTRS.	73	72	64
Escort	84	93	84
Mustang	79	85	81
Tempo	55	54	44
Taurus	59	66	61
Thunderbird	57	136	98
Probe	76	65	—
Crown Victoria	74	75	53
Total Ford Div.	69	77	60
Lynx/Tracer	165	156	86
Topaz	38	69	58
Sable	77	81	67
Cougar	54	138	112
Grand Marquis	61	50	46
Total Mercury	76	84	74
Continental	29	35	23
Lincoln	45	62	59
Mark VII	124	102	80
Total Lincoln	48	58	50
Total L-M Division	66	76	66
FORD MOTOR CO.	68	77	66
Skyhawk	167	144	117
Somerset/Skylark	116	114	150
Century	72	78	97
Regal	91	110	80
LeSabre	83	77	91
Reatta	177	158	—
Electra	101	92	53
Riviera	66	68	110
Total Buick	85	92	84
Cimarron	28	46	132
Allante	262	194	196
Seville	56	52	53
DeVille	42	43	40
Brougham	56	60	159
Eldorado	78	77	50
Total Cadillac	51	51	79
Chevette	—	—	83
Geo Prizm/Nova	94	172	275
Cavalier	49	70	48
Camaro	75	78	136
Celebrity	62	67	98
Corsica/Beretta	99	114	145
Monte Carlo	51	91	178
Caprice	64	76	73
Corvette	110	104	98
Total Chevrolet	71	85	100
Firenza	—	110	87
Calais	104	95	107
Cutlass Ciera	65	59	66
Cutlass Supreme	92	92	144
Olds 88	95	78	101
Olds 98	70	61	61
Toronado	107	110	87
Total Oldsmobile	83	76	96
Fiero	64	129	175
Pontiac 1000	—	—	89
Sunbird	92	52	82
Firebird	116	115	103
Grand Am	59	62	60
Pontiac 6000	70	69	77
Grand Prix	100	111	45
Bonneville H	92	97	78
Paris./Safari	107	105	95
Total Pontiac	87	80	84
GENERAL MTRS.	73	61	91
HONDA	12	15	9
MAZDA	69	58	51
NISSAN	55	66	62
TOYOTA	20	13	16
VOLKSWAGEN	—	—	148
DOM. TOTAL	67	73	76
Subcompact	50	52	53
Compact	55	59	67
Intermediate	72	82	96
Standard	68	70	74
Specialty	117	109	136

Stronger sales reduce days' supply of cars

By Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTER

Following strong year-end car sales, 1989 opened with the combined days' supply of domestic and imported cars slightly below the figures for Dec. 1 and Jan. 1, 1988.

Continued incentives and an 11.70 percent December sales gain kept domestic-car inventories at normal levels for this time of year.

Import-car stocks crept up in December, although the average days' supply remained stable. Makes with stocks equal to a supply of 130-200 days included Isuzu, Audi, Volkswagen, Sterling, Yugo and all Big 3 captives except General Motors' Pontiac LeMans.

Dealers queried by Automotive News had varied opinions of their stock levels. "We have adequate inventories. We probably have a 50-day supply and should have 75-days' worth in a couple of weeks," said Tony Cueva, general sales manager of Fairfax (Va.) Chrysler-Plymouth.

"At this time, they are off balance. We are high in low-end autos — Festivas and Escorts. We have a no-day supply of Thunderbird Super Coupes and we have three Taurus SHO models," said James Hoffer, general manager of Jordan's Automall (Ford-Toyota-Volvo), Mishawaka, Ind.

On Jan. 1, combined stocks of U.S.-built and imported cars were 2,250,831, equal to a 67-day supply. That was 12,126 units higher than a month earlier when there were 2,238,705 unsold domestic and import cars, equal to a 71-day supply.

Combined car stocks, however, were 4.62 percent or 109,075 units slimmer than last Jan. 1, when there were 2,359,906 cars, representing a 73-day supply.

The Jan. 1 stockpile of U.S.-built cars totaled 1,585,922 units, representing a lean 67-day supply. That compares with 1,611,631 last month, equal to a 73-day supply.

Domestic-car stocks were 5.75 percent below a year ago on Jan. 1 when there were 1,682,600 cars, representing an inflated 79-day supply because of lower December deliveries in 1987.

Import-car stocks totaled 664,-909, representing a 66-day supply on Jan. 1. A month earlier, there were 627,074 unsold imported cars on hand, also equal to 66 days.

Last year on Jan. 1, there were 677,306 imported cars in stock, representing a slimmer 61-day supply because of stronger sales.

Among the seven U.S. carmakers, General Motors, Honda and Mazda reduced their combined domestic and import-car inventories from Dec. 1.

GM's car stocks, including captives, totaled 894,303, equal to a 75-day supply. That was down 3.61 percent from 927,814 on Dec. 1, which equaled 83 days' worth of selling. A year ago, GM's inventories were an inflated 1,002,457, equal to a 94-day supply.

Although Ford reported slightly heftier combined car inventories of 514,500 units on Jan. 1, the total represented a slimmer 70-day supply than last month when there were 512,550 cars on hand representing a 79-day supply. On Jan. 1, 1988, Ford's inventory was 439,-621, a 70-day supply.

Chrysler Motors' better sales pace in December could not reduce its stocks on Jan. 1. Including captives, Chrysler had 299,403 unsold cars in stock, equal to 85 days' worth. A month earlier, the total was 277,475, representing 81 days' worth. The latest inventory figure was significantly lower than a worrisome 351,774-car total, or 101 days' worth, on Jan. 1, 1988.

Honda whittled down its U.S.-produced and import car stocks from last month. On Jan. 1, Honda's lean import and U.S.-built stocks totaled 32,674, equal to a slim 13-day supply. A month earlier, Honda reported 34,846 unsold cars, representing 16 days' worth. A year ago, Honda had 30,755 cars, an 11-day supply.

Toyota and Mazda reduced their import-car stocks but had more unsold U.S.-built cars on Jan. 1. than a month earlier.

On Jan. 1, Toyota's combined car stocks were 52,128, equal to 20 days' worth. A month ago it had 48,794, a 19-day supply.

Mazda, on the other hand, reduced its combined car stocks to 44,431 cars, equal to a 57-day supply, down from 47,384, or 54 days, on Dec. 1.

Nissan had more unsold cars on Jan. 1 than on Dec. 1. Domestic and import-car stocks totaled 119,-619 on Jan. 1, equal to an 80-day supply. On Dec. 1, Nissan had 115,-481 unsold cars, representing a 71-day supply. Last January, however, Nissan began the year with an even fatter 115-day supply.

The import car and truck stockpile on Jan. 1 grew to 821,907, up from 787,528 a month ago, but the days' supply remained at 67.

At the beginning of last year, the import-vehicle stockpile total of 675,372 was 21.70 percent leaner.

Import-truck stocks edged up to 156,998 on Jan. 1, equal to a 68-day supply, vs. 156,454 on Dec. 1, a 67-day supply.

IMPORT DAYS' SUPPLIES

	Jan. 1, 1988	Dec. 1, 1988	Jan. 1, 1989
Chevrolet	141	195	141
Chrysler/Mitsubishi	168	131	174
Acura	65	49	24
Daihatsu	63	67	-
Honda	14	18	13
Isuzu	188	174	71
Mazda	55	64	58
Mitsubishi**	105	85	106
Nissan	88	72	125
Subaru	79	69	65
Toyota	19	20	18
JAPAN	56	55	54
Audi	159	153	182
BMW	86	73	87
Mercedes-Benz	31	45	36
Merkur	180	170	172
Porsche	80	95	133
VW	131	139	96
GERMANY	95	98	87
Alfa Romeo	125	144	52
Festiva	136	136	134
Hyundai	86	75	41
Jaguar	38	34	23
Peugeot	95	90	58
Pontiac	75	82	159
Eagle/Renault	224	210	133
Saab	81	80	74
Sterling	155	105	89
Volvo	94	51	164
Yugo	148	133	130
Other Countries	90	36	81
Total Import Cars	66	66	61
Isuzu	103	111	145
Mazda	75	88	67
Mitsubishi**	107	87	57
Nissan*	47	58	96
Range Rover	21	34	18
Suzuki	99	297	57
Toyota	37	30	31
Chrysler	153	140	142
Total Imp. Trucks	68	74	70
Total Imp. Vehicles	67	67	68

*Includes domestic trucks

PRODUCTION

Car output 33% above 1988 week

By Kelly Beyer
AUTOMOTIVE NEWS STAFF REPORTER

U.S. carmakers scheduled production of 154,455 cars during the second week of the new year.

It was 38.14 percent more than the prior week's 111,810 and 33.59 percent above the year-ago week's 115,618.

Production during the year-ago week output was weakened by downtime at several plants for inventory adjustment.

So far this year, 266,265 cars have been assembled, 22.91 percent more than the 216,636 completed last year at this point.

Last week's estimated production was shared as follows: General Motors, 48.00 percent; Ford Motor Co., 27.11 percent; Chrysler Motors, 12.82 percent; Honda of America Manufacturing, 4.89 percent; Mazda Motor Manufacturing (U.S.A.) Corp., 3.12 percent; New United Motor Manufacturing Inc., 1.94 percent; Nissan Motor Manufacturing Co. U.S.A., 1.78 percent; and Diamond-Star Motors, 0.34 percent.

Truck output was scheduled at a hardy 92,329 last week, 34.56 percent more than the previous week's 68,618 and 12.11 percent more than the year-ago week's 82,359.

Year-to-date, 160,947 trucks have been built, slightly less (0.08 percent) than the 161,074 units built last year at this point.

A fire broke out at a GM parts plant in Flint, Mich., last Monday. The fire halted output last Wednesday at the company's Willow Run, Mich., plant, which builds the Pontiac Bonneville and Olds 88. It also stopped production last Wednesday and Thursday at the Wentzville, Mo., car facility, which builds the Buick Electra, Olds 88 and Olds 98. The fire also affected output at GM's Fort Wayne, Ind., and Pontiac, Mich., truck plants last Wednesday.

GM will cut output of its two-seat Buick Reatta next month due to slow sales and to prepare the Lansing, Mich., plant for output of the Reatta convertible model, scheduled to be introduced later this year.

Chrysler added a second shift at its Brampton, Ontario, plant last week. About 400 workers were added to increase output of the Jeep Wrangler by 132 units daily.

Trucks exceed cars in Canada

Last week, Canadian truckmakers were scheduled to build more units than the automakers.

Scheduled production of 20,685 trucks was 15.91 percent more than the previous week's 16,428 and 13.77 percent more than the year-ago week's 18,181.

Year-to-date, 37,113 trucks have been built, 6.44 percent above the 34,869 completed last year at this point.

Auto output was estimated at 18,744, 48.89 percent more than the previous week's 12,589 but 17.54 percent below the year-ago week's 22,732.

So far this year, 31,333 cars have been assembled, 32.06 percent fewer than the 46,120 built at the same time last year.

U.S. CAR	Week Ended Jan. 14, 1989	Week Ended Jan. 18, 1988	Week Ended Jan. 7, 1989	Jan. 1 to Date	Jan. 1 to Jan. 14, 1989	Jan. 1 to Jan. 16, 1988
Horizon	0	1,482	0	0	0	2,900
Sundance	2,500	2,017	2,261	5,061	5,061	3,900
Reliant	0	683	0	0	0	300
Acclaim	1,200	0	914	2,114	2,114	0
Caravelle	0	438	0	0	0	250
Gran Fury	0	211	0	0	0	432
Total Plymouth	4,000	4,831	3,175	7,175	7,175	7,791
LeBaron K	0	0	0	0	0	0
LeBaron J	2,600	0	2,084	4,684	4,684	0
LeBaron GTS	200	151	218	418	418	257
N. Yorker C-Class	2,700	1,478	2,237	4,937	4,937	2,281
5th Avenue	0	1,296	0	0	0	2,348
Total Chrysler	5,500	2,925	4,539	10,039	10,039	5,086
Omni	0	1,456	0	0	0	2,834
Daytona	2,800	0	2,099	4,899	4,899	0
Shadow	2,800	2,084	2,156	4,956	4,956	3,910
Aries	0	954	0	0	0	650
Dodge 600	0	212	0	0	0	200
Dynasty	3,400	1,856	2,989	6,389	6,389	2,628
Lancer	200	229	193	393	393	456
Spirit	1,300	0	1,106	2,406	2,406	0
Diplomat	0	325	0	0	0	598
Total Dodge	10,300	6,898	8,543	18,843	18,843	11,276
CHRYSLER MOTORS	19,800	14,654	16,257	36,057	36,057	24,153
Escort	9,081	9,599	6,801	15,882	15,882	17,318
Mustang	4,588	4,635	2,960	7,548	7,548	8,990
Tempo	3,988	4,032	3,077	7,065	7,065	8,505
Taurus	8,496	8,371	6,568	15,064	15,064	15,259
Thunderbird	3,281	2,891	2,266	5,547	5,547	5,786
Total Ford Div.	29,414	29,518	21,672	51,086	51,086	55,838
Topaz	1,524	1,497	1,142	2,666	2,666	3,169
Cougar	3,277	2,889	2,266	5,543	5,543	5,771
Sable	2,984	2,105	2,306	5,290	5,290	3,966
Total Mercury	7,785	6,491	5,734	13,499	13,499	12,825
Continental	1,563	683	1,449	3,012	3,012	1,348
Mark VII	784	487	721	1,505	1,505	1,133
Lincoln	2,345	2,930	2,173	4,518	4,518	6,216
Total Lincoln	4,692	4,100	4,343	9,035	9,035	8,694
Total L-M Division	12,457	10,591	10,077	22,534	22,534	21,519
FORD MOTOR CO.	41,871	40,109	31,749	73,620	73,620	77,357
Skyhawk	324	1,057	874	1,198	1,198	1,030
Skylark/Somerset	269	655	2	271	271	1,752
Century	3,455	1,692	2,595	6,050	6,050	2,814
Riviera	830	0	475	1,105	1,105	0
Electra	1,999	1,706	1,908	3,607	3,607	3,441
LeSabre (fwd)	0	2,393	0	0	0	4,719
LeSabre (rwd)	220	0	176	396	396	204
Reatta	280	0	220	500	500	0
Total Buick	7,177	7,505	5,960	13,127	13,127	13,960
Cimmaron	0	312	0	0	0	550
Eldorado	741	0	539	1,280	1,280	0
Seville	562	0	411	973	973	0
Brougham (rwd)	1,225	0	853	2,078	2,078	0
Deville (fwd)	4,520	3,568	2,926	7,446	7,446	3,805
Allante	7	0	60	135	135	0
Total Cadillac	7,123	3,880	4,789	11,912	11,912	7,358
Cavalier	9,250	6,985	7,064	16,314	16,314	13,384
Camaro	2,505	0	2,027	4,532	4,532	0
Celebrity	4,490	3,990	3,606	8,096	8,096	6,575
Corsica/Beretta	9,215	4,394	6,347	15,562	15,562	3,117
Caprice	3,750	3,178	2,759	6,509	6,509	7,498
Corvette	450	450	360	810	810	998
Total Chevrolet	29,660	18,998	22,163	51,823	51,823	36,240
Catalo	464	1,637	0	464	464	4,852
Firenza	0	530	0	0	0	530
Cutlass Ciera	1,885	0	1,343	3,028	3,028	0
Cutlass Supreme	3,630	1,739	0	3,630	3,630	0
Toronado	315	0	228	543	543	0
88 (fwd)	4,006	3,473	3,221	7,227	7,227	6,922
88 (rwd)	310	330	182	492	492	590
Olds 98	2,162	1,549	1,683	3,845	3,845	2,845
Total Oldsmobile	12,592	9,258	6,637	19,229	19,229	15,739
Sunbird	2,468	2,297	2,039	4,507	4,507	4,365
Grand Am	4,800	4,856	3,892	8,692	8,692	9,473
Firebird	1,590	0	1,260	2,850	2,850	0
Grand Prix	4,060	0	0	4,060	4,060	0
Pontiac 6000	2,210	50	1,677	3,887	3,857	99
Bonneville	2,345	1,921	1,842	4,187	4,187	3,880
Safari/Parisienne	115	0	94	209	209	24
Fiero	0	0	0	0	0	0
Total Pontiac	17,588	9,034	10,804	28,392	28,392	17,819
GENERAL MOTORS	74,140	46,375	50,343	124,483	124,483	91,115
DIAMOND-STAR	512	0	372	884	884	0
HONDA	7,550	7,245	5,656	13,206	13,206	13,645
Civic	2,460	1,720	1,971	4,431	4,431	3,086
Accord	5,090	5,525	3,685	8,775	8,775	10,559
MAZDA†	4,826	716	3,483	8,309	8,309	1,246
NISSAN	2,756	1,340	1,596	4,352	4,352	2,675
NUMMI	3,000	3,179	2,354	5,354	5,354	6,447
Corolla	1,700	1,159	1,351	3,051	3,051	3,433
Nova	1,300	2,020	1,003	2,303	2,303	3,014
VOLKSWAGEN	0	0	0	0	0	0
Golf/GTI	0	0	0	0	0	0
Jetta	0	0	0	0	0	0
Total Cars, U.S.	154,455	115,618	111,810	266,265	266,265	216,636
Total Cars, Canada	18,744	22,732	12,589	31,333	31,333	46,120
U.S., Canada Cars	173,199	138,350	124,399	297,598	297,598	262,758
U.S., Canada Cars and Trucks	286,213	238,890	209,445	495,658	495,658	458,701

Monthly estimates may contain error of one or two units due to rounding.
†—Total includes the MX-6 and Ford Probe.

CANADIAN CAR	Week Ended Jan. 14, 1989	Week Ended Jan. 15, 1988	Week Ended Jan. 7, 1989	Jan. 1 to Date	Jan. 1 to Jan. 14, 1989	Jan. 1 to Jan. 16, 1988
Premier	1,275	1,574	0	1,275	1,275	3,059
CHRYSLER MOTORS	1,275	1,574	0	1,275	1,275	3,059
Tempo	4,037	4,426	2,883	6,920	6,920	3,824
Topaz	1,723	1,337	1,017	2,740	2,740	3,376
Crown Victoria	2,399	2,670	2,084	4,983	4,983	5,792
Grand Marquis	2,861	2,698	2,050	4,911	4,911	5,418
FORD MOTOR CO.	11,520	11,331	8,034	19,554	19,554	23,210
Celebrity	195	552	173	368	568	1,303
Cutlass Ciera	3,720	4,280	3,286	7,003	7,003	8,550
Lumina	45	0	10	55	55	0
Pontiac 6000	0	1,225	0	0	0	2,360
Regal	158	3,088	0	158	158	6,377
GENERAL MOTORS	4,119	9,145	3,469	7,587	7,587	18,590
Civic	1,650	0	962	2,612	2,612	—
Accord	0	0	0	0	0	—
HONDA	1,650	588	962	2,612	2,612	1,086
VOLVO	180	114	125	305	305	186
Total Cars, Canada	18,744	22,732	12,589	31,333	31,333	46,120

U.S. TRUCK☆	Week Ended Jan. 14, 1989	Week Ended Jan. 15, 1988	Week Ended Jan. 7, 1989	Jan. 1 to Date	Jan. 1 to Jan. 14, 1989	Jan. 1 to Jan. 16, 1988
Caravan	2,300	1,746	2,116	4,416	4,416	3,114
Dakota	2,000	3,199	1,440	3,446	3,446	6,181
Mini-Ram Van	200	267	183	383	383	469
Pickups	2,000	1,599	1,443	3,443	3,443	3,026
Total Dodge	6,500	6,813	5,188	11,688	11,688	12,783
Cherokee	3,380	3,736	2,437	5,737	5,737	7,429
Commander	600	1,023	481	1,081	1,081	1,982
Grand Wagoneer	300	344	265	565	565	900
Pickups	0	0	0	0	0	0
Wagoneer	100	351	121	221	221	616
Total Jeep	4,380	5,504	3,304	7,604	7,604	10,312
Voyager	2,200	1,505	2,021	4,221	4,221	2,838
Total Plymouth	2,200	1,505	2,021	4,221	4,221	2,838
CHRYSLER MOTORS	13,080	13,822	10,513	23,513	23,513	25,933
Aerostar	5,009	4,419	3,770	8,779	8,779	8,296
Bronco	1,057	1,279	1,645	3,502	3,502	2,547
Bronco II	2,730	3,572	1,929	4,659	4,659	6,446
Econoline	5,264	4,985	3,933	9,197	9,197	9,895
Heavy trucks	1,308	1,338	1,048	2,356	2,356	2,591
Light trucks	11,727	9,449	8,234	19,961	19,961	18,680
Ranger	7,458	7,993	4,785	12,243	12,243	14,183
Total Ford Div.	35,333	32,735	25,274	60,607	60,607	62,630
FORD MOTOR CO.	35,333	32,735	25,274	60,607	60,607	62,630
Astro	3,506	3,134	2,550	6,056	6,056	5,873
Blazer	505	621	528	1,033	1,033	1,100
Medium/Heavies	0	540	0	0	0	1,800
P-Model	0	1,082	0	0	0	1,656
Pickups	9,950	5,551	9,925	19,175	19,175	12,246
S-10	6,815	4,833	3,723	10,538	10,538	10,147
S-10 Blazer	4,220	1,367	2,916	7,136	7,136	2,907
Sportsvan/Van	2,673	1,323	130	2,803	2,803	2,916
Suburban	1,398	1,377	1,202	2,600	2,600	2,804
Total Chevrolet	28,472	19,828	20,977	49,349	49,349	42,634
Jimmy	139	193	161	290	290	347
Medium/Heavies	0	740	0	0	0	2,153
P-Model	0	57	0	0	0	150
Pickups	2,970	2,287	3,461	6,431	6,431	3,865
S-15	1,299	1,503	1,259	2,558	2,558	2,475
S-15 Jimmy	1,191	404	681	1,872	1,872	364
Safari	877	832	634	1,511	1,511	1,607
Suburban	412	1,050	831	1,243	1,243	1,588
Vandura/Rally Vans	758	693	4	762	762	1,742
Total GMC	7,646	8,184	7,021	14,667	14,667	14,291
GENERAL MOTORS	36,118	28,012	27,998	64,016	64,016	56,925
NAVISTAR	1,310	1,796	867	2,757	2,757	3,585
NISSAN	3,258	3,247	1,846	5,104	5,104	6,501
AM GENERAL*	450	450	360	810	810	900
MISCELLANEOUS*	2,300	2,300	1,840	4,140	4,140	4,600
Total Trucks, U.S.	82,323	82,359	68,618	160,947	160,947	161,074

CANADIAN TRUCK	Week Ended Jan. 14, 1989	Week Ended Jan. 15, 1988	Week Ended Jan. 7, 1989	Jan. 1 to Date	Jan. 1 to Jan. 14, 1989	Jan. 1 to Jan. 16, 1988
Caravan	3,282	2,810	2,723	6,005	6,005	5,805
Mini-Ram Van	210	216	172	382	382	429
Ram Wagon	690	568	559	1,249	1,249	600
Ram Van	1,660	1,383	1,413	3,073	3,073	1,290
Total Dodge	5,842	4,977	4,867	10,709	10,709	8,124
Voyager	2,652	2,606	2,188	4,840	4,840	5,396
Total Plymouth	2,652	2,606	2,188	4,840	4,840	5,396
Wrangler	968	948	680	1,648	1,648	1,551
Total Jeep	968	948	680	1,648	1,648	1,551
CHRYSLER MOTORS	9,462	8,531	7,735	17,197	17,197	15,071
FORD MTR. (lt. trks.)	3,648	3,472	2,717	6,365	6,365	7,114
Light trucks	3,579	3,092	2,757	6,336	6,336	5,841
Vans	1,523	1,233	1,132	2,655	2,655	2,409
Total Chevrolet	5,102	4,325	3,889	8,991	8,991	8,250
Light trucks	1,581	1,160	1,332	2,913	2,913	2,766
Vans	622	467	542	1,164	1,164	1,218
Total GMC	2,203	1,627	1,874	4,077	4,077	3,984
GENERAL MOTORS	7,305	5,952	5,763	13,068	13,068	12,234
NAVISTAR	270	226	213	483	483	450
Total Trks., Canada	20,685	18,181	16,428	37,113	37,113	34,869
U.S., Canada Trks.	113,014	100,540	85,046	198,060	198,060	195,943

☆—Includes window van production. *—Estimated.
Jeep includes commercial only. AM General includes government-destined vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.
Monthly estimates may contain error of one or two units due to rounding.